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Public Assistance Fraud (PAFS)

Fraud Prevention Policy

Income Maintenance Manual

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1.0.0 Introduction

As part of the responsibilities for ensuring the integrity of the benefit programs they administer, both Wisconsin Works (W-2) and economic support (ES) agencies are to operate fraud prevention programs to identify and prevent fraud or error from occurring in their programs. The agency determining eligibility for a particular program is responsible for fraud prevention activities in that program.

Agencies must differentiate between the routine verification for eligibility determination (see Chapter 1, Part C) conducted on all applications and re-determinations, the selection and activities used in the fraud prevention program, and the selection of cases for referral to fraud investigation (see Chapter 2, Part D). A clear separation of these activities is necessary for funding purposes as well as for establishing effective procedures for each type of activity.

Routine verification for eligibility determination is performed by an Economic Support Specialist (ESS) or other assigned staff, and involves the standard eligibility determination process used on all applications and re-determinations of eligibility (see Chapter 1, Part C).

Fraud investigation is an in-depth investigation that may involve review of an entire case as well as examination of the particular element that caused the referral. The investigation is usually directed toward determining the veracity of allegations of intentional program violations/fraud made about a case. It can become the

preparation of a case for prosecution or program administrative sanctions.

The fraud prevention program involves a process of intense scrutiny of specific elements or circumstances of individual cases that exhibit evidence or characteristics of potential program violation. Prevention is intended to prevent issuance of incorrect benefits and involves more in-depth verification than the routine verification for eligibility determination. The primary goal of the prevention program activities is to insure accurate benefit issuance, not to accomplish criminal prosecution. The results of the prevention activities are used in determining eligibility.

1.1.0 Fraud Plan

The fraud prevention program is a component of the general fraud program operating in every county and tribal geographic area of the state. Federal regulations require an annual fraud plan. See Chapter 2 Part D, for further information and a description of the plan requirements.

1.1.1 Model Program

OIG recommends that the front-end verification (FEV) program be used as a model for the local fraud prevention programs.

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2.0.0 Front End Verification (FEV) Model

Front end-verification (FEV) is a process of intense scrutiny of cases that exhibit characteristics of potential program violation. When a case is referred to an FEV Specialist or Investigator, s/he performs a more in-depth verification than the routine verification for eligibility determination.

FEV focuses on particular elements or circumstances of a specific case. The FEV Specialist or Investigator confirms or verifies the accuracy of information provided by the client at application, review, or change. S/he provides the results of the FEV to the ES and/or W-2 staff for use in determining eligibility.

2.1.0 Program Resource

FEV is supported by the Department of Workforce Development's Division of Economic Support (DES) and Division of Unemployment Insurance (DUI). Primary responsibility for FEV in DUI rests with the Office of Inspector General (OIG). See Chapter 2, Part D, 13.0.0 for how to contact OIG and resources they provide.

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3.0.0 FEV Case Selection

Do **NOT** require FEV to be done on all new applications or reviews, or both. Cases referred for FEV must exhibit characteristics of potential program violation or error.

Establish an error-prone profile for the use of intake staff or ESS, or both, to determine if a case is proper for FEV. Measure all cases against the error-prone profile in a consistent manner to avoid biased selection for FEV. Intake staff and ESS will refer a case for FEV when it meets the error-prone profile.

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4.0.0 FEV Error-Prone Profile

An error-prone case profile is a list of characteristics recognized by the local agency as common to error cases. Cases showing these characteristics or meeting the error-prone profile are referred to FEV for extensive verification. Profiles allow a local agency to allocate administrative and investigative resources to those cases according to their potential for error. The criteria must accommodate situations peculiar to the specific agency. One method of creating the profile is to use QC reports on cases in which either client error or fraud was identified. Another would be a review of cases referred for fraud investigation. By examining actual fraud cases, it's possible to determine type of situations that resulted in intentional error. It's also possible to discover from these cases a pattern of clues or signs of potential fraud. For example, are there questions left blank on the application form, unusual movement of people into and out of the household, or frequent changes in vehicles claimed? Because error-prone profile criteria are likely to change over time, review the criteria periodically to determine that they are still valid. For example, economic condition changes in your area may influence the criteria. Or, FEV activities may prove that some characteristics originally thought to show potential errors are irrelevant and not cost effective.

4.1.0 Characteristics

Following are some "high risk" or relevant characteristics you may find helpful in developing an error-prone profile.

4.1.1 Residence

Residence indicators include:

1. Conflicting documentation or verification differing from that reported by the applicant or recipient.
2. Recent arrival, within the prior 3 months, in your county/tribal area. You may exclude the homeless and residents of shelters from those targeted for FEV.
3. Highly mobile families who rarely stay in 1 location for more than 2 or 3 months, except for migrants.

4.1.2 Household Composition

Household membership composition indicators include:

1. Employable household members listed on the application, then later reported to have moved.
2. Collateral contact statement inconsistent with the client's statement of household size.
3. Landlords address same as clients, but landlord is not included as a household member.
4. Landlord is the absent parent, male/female friend, or ex-spouse.
5. Client gives birth to a non-marital baby who is given the same last name as male friend, but client claims male friend does not live with her.
6. Client reports someone else pays the rent for several months, but that person is not listed in the home.
7. Household reports large increases or decreases in household size or a frequently fluctuating household size.
8. Cases with possible non-existent members (possible falsified birth certificates showing twins or multiple births).

4.1.3 Assets

Asset indicators include:

1. Client reports no resources on the application, but has no outstanding bills.
2. Client reports no vehicle but has no reasonable explanation of his/her transportation method (if s/he lives remote from public transportation.)
3. Client uses personal checks to pay bills, but reports no checking account.
4. Applicant claims no income for an extended period but offers no satisfactory explanation of how s/he met needs before applying.
5. Information provided by the client shows a substantial reduction in assets just prior to application for assistance.
6. Reported assets are very near or equal to the resources limits.

4.1.4 Earned Income

Earned income indicators include:

1. Reported income disagrees with IRS or state tax forms.
2. Client's expenses are being met, although client's reported income and aid are not enough to satisfy such obligations.
3. Self-employment income reported to have stopped (potential business assets available).
4. Client reports zero income with someone else paying the bills.
5. Household that has a wage earner who becomes unemployed, and reports no UCB, or reports UCB has stopped but employment has not resumed.
6. Household that has children who are over 16, but not in school or employed.
7. A Food Stamp applicant reports zero income, does not request further aid such as W-2, and is unable to clarify how needs are being met.

4.1.5 Unearned Income

Unearned income indicators include:

1. Single-parent household reports zero or low income, but does not wish to apply for W-2, (possibly receiving child support or Social Security).

2. Household of retirement age (65 or older) does not report SSA, SSI, VA, or other pensions (possible income-producing asset).
3. Household member claims disability but does not report SSI, SSA, or worker's compensation.

4.1.6 General Criteria

General error-prone criteria include:

1. The client has provided contradictory information or made statements inconsistent with information provided by her/him during a previous contact or in the Combined Application Form.
2. Case was previously closed for loss of contact or failure to provide essential information.
3. Case in which fraud had been committed or alleged previously.
4. Case in which information provided by applicant is incomplete or not clear.
5. The case previously was referred for FEV which resulted in either denial or reduction of benefits.

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5.0.0 Referral Steps

ES and/or W-2 staff must document the reason for the referral, indicating the specific area(s) of concern.

5.1.0 Application

For new applications:

1. ES or W-2 staff will conduct the interview and compare the case characteristics to the error-prone profile.
2. If the criteria are met, s/he will specify the area(s) of concern and refer the case to the FEV Specialist directly or through his/her supervisor, depending on agency procedures.
3. ES or W-2 staff will approve or deny the case after receiving the results of FEV. Prior to the final eligibility determination, the applicant will be contacted and given an opportunity to resolve discrepancies between the information s/he provided and the information obtained through FEV.
4. Determine any benefit savings resulting from FEV and provide them to the person responsible for reporting.

Adjustments made to benefit levels as a result of FEV are used to determine benefit savings.

5.1.1 Delay Prohibited

Do not delay issuance of benefits because you are awaiting an FEV report. Processing deadlines must be observed even if the FEV results have not been received.

5.2.0 Reviews & Changes

For reviews and reported changes:

1. ES and/or W-2 staff will compare the case characteristics to the error-prone profile.
2. If the criteria are met, s/he will specify the area (s) of concern and refer the case to the FEV Specialist either directly or through his/her supervisor, depending on agency procedures.
3. Approve or deny the case after receiving results of FEV.
4. Contact the client and give him/her an opportunity to resolve discrepancies between the information s/he provided and the information obtained through FEV.
5. Determine any benefit savings resulting from the FEV and provide them to the person responsible for reporting.

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6.0.0 FEV Specialist/Investigator Steps

For applications, reviews, and changes, the FEV Specialist or Investigator will:

1. Determine that the case meets the criteria for referral.
2. Determine which FEV activities are appropriate for the referred case.
3. Estimate the approximate time needed to perform FEV activities. When possible, complete FEV activities prior to issuance of benefits.

Expedited FS criteria must be met and the 30-day limit for processing applications must be adhered to by the ESS. Recommended time from date of referral to the ESS's receipt of the FEV report is 20 or less working days. Special circumstances may require more time for FEV completion. Such special circumstances should be documented in the FEV report.

4. Perform activities to verify the information that prompted the referral.
5. Report (in writing) the results of the FEV to the appropriate ESS or W-2 agency supervisor.
6. If the FEV reveals possible prior fraudulent overpayment, include that information in the written report.

The FEV Specialist or Investigator does not approve or deny a group's eligibility or benefits.

6.1.0 Confidentiality

It is most important that you adhere to DES and DUI confidentiality policies (Chapter 2 Part B). Do not unnecessarily divulge any information about the client or reason for the investigation. ?49.83, Wis. Stats., provides: "Except as provided under ?49.32(9)(10)(10m), no person may use or disclose information concerning applicants and

recipients of relief funded by a relief block grant, aid to families with dependent children, Wisconsin works under ?49.141 to ?49.161, social services, child and spousal support and establishment of paternity services under ?49.22, or supplemental payments under ?49.77, for any purpose not connected with the administration of the programs. Any person violating this subsection may be fined not less than \$25 nor more than \$500 or imprisoned in the county jail not less than 10 days nor more than one year or both."

6.1.1 Personal Rights

In addition, Chapter 49, at ?49.81, provides a "public assistance recipients' bill of rights":

"The department of health and family services, the department of work-force development and all public assistance and relief granting agencies shall respect rights for recipients of public assistance. The rights shall include all rights guaranteed by the US constitution and the constitution of this state, and in addition shall include: (1) The right to be treated with respect by state agents. (2) The right to confidentiality of agency records and files on the recipient. Nothing in this subsection shall prohibit the use of such records for auditing or accounting purposes. (3) The right to access to agency records and files relating to the recipient, except that the agency may withhold information obtained under a promise of confidentiality. (4) The right to a speedy determination of the recipient's status or eligibility for public assistance, to notice of any proposed change in such status or eligibility, and, in the case of assistance granted under s. 49.19, 49.46, 49.468 or 49.47, to a speedy appeals process for resolving contested determinations." Staff must also comply with *Grandberry v. Schmidt*: "The court does not forbid county welfare agencies from verifying information relevant to determining eligibility. However, the method used shall not violate any client's rights or any client's privacy or personal dignity."

6.2.0 Sources

Listed below are some sources which may provide FEV information. You are not limited to these sources. Select the best appropriate resources and procedures.

6.2.1 Required Cooperation

?49.22(2m), Wis. Stats., authorizes agency staff to request information appropriate and necessary for the administration of the ES programs, and ?49.143(5) for W-2. ?49.95(2),

Wis. Stats., provides that any person who willfully does any act designed to interfere with the proper administration of public assistance shall be fined not less than \$10 nor more than \$100 or be punished by imprisonment for not less than 10 nor more than 60 days.

6.2.2 Residence & Household Composition

When documentary evidence is insufficient to determine eligibility or a profile characteristic is met, verification procedures may require visits to the assistance group's residence.

6.2.2.1 Field Verification

Conducting home visits for the purpose of verification is prohibited unless:

1. Clients are given advance notice of the visit; and,
2. Documentary evidence cannot be obtained or is insufficient to make a final determination of eligibility or benefit level.

If a home visit must be conducted and the advance notice of the date is made, inform the client of the general area(s) of concern. Document issuance of the notice in the ES and/or W-2 record or FEV referral, or both. Do not make field verification visits earlier than 8 AM or later than 8 PM. OIG and DES recommends field verification take place during normal business hours unless there are special circumstances. Document any special circumstances in the FEV Specialist /Investigator's report. Examples of special circumstances are: The client is employed and it is necessary to accommodate the client's work schedule. The FEV Specialist/Investigator has made 2 unsuccessful attempts to contact the client at the residence. At the residence, identify yourself to the client and explain the reason for your visit. Request identification (Social Security card, driver's license, state ID, etc.) from the client. Treat the client(s) and all other persons in the household with respect. Do not coerce them. Ask permission to enter the residence. Do not attempt to enter if the client refuses to give consent. You may inform the client that refusal **may** delay issuance of benefits but **may not** tell the client that there will be automatic denial of the case. Inform the person who gave consent for you to enter the residence that s/he may withdraw that consent at any time. Anything in plain view that is pertinent to determining proper benefits may be included in the written FEV report. You may ask to see areas of the residence. Do not demand access, or inspect closets, cabinets, attics, basements, garages, etc. without the

resident's consent.

6.2.2.2 Collateral Contacts

A collateral contact is an oral confirmation of a household's circumstances by a person outside the household. The collateral contact may be made either in person, by mail, or over the telephone. Identify yourself as being from or representing the W-2, county, or tribal agency. You may explain that you are verifying information provided by the subject. You may also state that the contact is not a criminal investigation and the subject of the FEV has not been involved in any wrongdoing. **Do Not** make collateral contact:

1. Unless:
 - a. The household fails to designate a collateral contact or designates one which is unacceptable to the agency; and,
 - b. Documentary evidence cannot be obtained or is insufficient to make a firm determination of eligibility or benefit level.
2. With person(s) other than those designated by the clients unless the person(s) designated by the client are unacceptable to the agency.

Examples acceptable of collateral contacts may include employers, landlords, social service agencies, migrant service agencies, and neighbors of the household who can be expected to provide accurate third-party verification.

6.2.2.3 Surveillance

You may use surveillance in completing an FEV investigation of residence or household composition.

6.2.3 Vehicles & Assets

Sources to verify vehicles and assets include:

1. Department of Transportation
2. Register of Deeds for mortgage or debt information
3. Credit bureaus
4. Banking and other financial institutions
5. Auto appraisers for collector vehicles

6.2.4 Income

Sources to verify income include:

1. State wage matches
2. Contact with employer
3. State and federal tax information
4. Child support records
5. Social Security
6. Administration Financial institutions

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